

March \_\_, 1996

Mr. Henry Cárdenas  
Henry Cárdenas and Associates, Inc.  
1254 North Wells Street  
Chicago, Illinois 60610

**MARLBORO MUSIC CANONAZO PRIMAVERAL CONCERT**

Dear Mr. Cárdenas:

This letter constitutes the agreement (the "Agreement") between Philip Morris Incorporated ("Philip Morris") and Henry Cárdenas and Associates, Inc. ("Promoter") regarding Philip Morris' sponsorship of the **MARLBORO Music Canonazo Primavera** Concert (the "Concert") to be held on April 20, 1996 at the International Amphitheatre in Chicago, Illinois. The terms of our agreement follow.

1. **Sponsorship Rights.** In consideration for Philip Morris' sponsorship and providing the talent listed in Exhibit A attached hereto (the "Artists"), or alternative talent of equal quality, for the Concert, Promoter grants Philip Morris the following sponsorship rights in connection with the Concert:

(a) the exclusive right to distribute branded incentive items among smokers twenty-one years of age or older from promotional booths located in the outside lobby of the International Amphitheatre. The locations of the booths will be mutually agreed upon by the parties;

(b) the right to a promotional booth, to be staffed by third parties designated by Philip Morris from which they will conduct name generation activities among smokers twenty-one years of age or older. The location of the booth will be mutually agreed upon by the parties;

(c) the right to place six **MARLBORO Music** light boxes in the lobby of the International Amphitheatre. The locations of the light boxes will be mutually agreed upon by the parties;

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(d) the right to hang banners and signage on and around the promotional booths and at other locations at the site of the Concert to be mutually agreed upon by the parties;

(e) the right to 200 complimentary VIP Concert tickets with seat locations designated by Philip Morris and subject to the approval of Promoter, which tickets will be delivered to Philip Morris upon execution of the Agreement;

(f) the right to exclusive use of a hospitality area with furnishings to be supplied by Promoter and food and beverages to be supplied by, and the location subject to the approval of, Philip Morris; and

(g) the right to recognition in advertising placed in connection with the Concert and the right to approve in advance all materials and announcements prepared by Promoter that mention Philip Morris, **MARLBORO** or **MARLBORO Music**, provided that such approval is effected on a timely basis.

2. Philip Morris' Obligations. Philip Morris will:

(a) provide top name entertainment to perform at the Concert;

(b) provide the services of See Factor Industry, Inc., or an alternative coordinator designated by Philip Morris, to control stage design and provide production and stage management, supervision and support to Promoter's production staff;

(c) provide the services of a public relations agency to publicize the Concert;

(d) use the **MARLBORO Music** logo and the title **MARLBORO Music Canonazo Primavera** Concert in connection with the Concert; and

(e) provide local print advertising featuring the **MARLBORO Music** logo for additional media support, with [copy and] artwork to be provided solely by Philip Morris.

3. Promoter's Obligations. Promoter will:

(a) conduct research and select Artists to perform at the Concert. The number and identity of Artists is subject to the prior approval of Philip Morris. Unless otherwise directed by Philip Morris, Promoter will enter into performance agreements with the Artists ("Performance Agreements"). Promoter must obtain Philip Morris' written

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approval prior to entering into a Performance Agreement, and Promoter will use its best efforts to ensure that Performance Agreements contain the following terms governing the Artists' conduct and will immediately inform Philip Morris if and when an agreement will or does not contain the following terms:

(1) for a period of seventy-five days prior to and forty days subsequent to the Concert, each Artist will not perform, advertise or permit to be advertised, a performance by such Artist within one hundred and fifty miles of the Concert site without the prior written approval of Philip Morris;

(2) Philip Morris will have the right to use brand and event logos created by Philip Morris and the phrase "**Marlboro Music**" in conjunction with the names, likeness and logos of the Artists in connection with the Concert;

(3) Artists will be available for and properly participate in media training sessions, interviews, public appearances, press conferences, and other promotional activities, if, as and when requested by Philip Morris;

(4) "name" Artists will appear at pre- or post-Concert receptions held in connection with the Concert, when reasonably feasible. Reasonable expenses incurred in connection with such appearances will be reimbursed by Philip Morris, up to a maximum amount to be agreed upon in advance in writing; and

(5) Artists will not disclose the existence or terms of Performance Agreements to third parties without the prior written permission of Philip Morris.

Upon execution, Promoter will deliver copies of all Performance Agreements to Philip Morris;

(b) use, and ensure that Artists use, the official name, **MARLBORO Music Canonazo Primavera Concert**, when referring to the Concert. Such use will not constitute an endorsement by Philip Morris or the Artists; **[PLEASE CONFIRM]** ~~\_\_\_\_\_~~ *CORRECT*

(c) assume complete responsibility for securing all music licensing rights and paying all required fees, including, ASCAP and BMI;

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(d) provide secured parking for all buses, trucks, and rental cars used by Artists and Artists' personnel, Philip Morris' personnel and other personnel associated with the Concert;

(e) provide venue house security, and, under the direction of a third party engaged by Philip Morris which will provide staffing requirements, provide backstage security;

(f) provide on-site storage space, vendor parking and admission passes in quantities reasonably requested by Philip Morris;

(g) provide ample space for an on-site hospitality area in a location acceptable to Philip Morris for the day of the Concert only;

(h) utilize the MARLBORO Music credentials and identification for Philip Morris staff and talent to permit backstage access and parking;] [PLEASE CONFIRM] — *CORRECT*

(i) adhere to the production requirements and signage lighting requirements, attached hereto as Exhibits B (the "Production Requirements") and C (the "Signage Lighting Requirements"), respectively, and to Performance Agreements, including riders thereto; and

(j) in addition to the services listed above, Promoter will perform the following additional services on or before the dates designated by Philip Morris in connection with the Concert:

(1) develop and deliver to Philip Morris, on or before April 1, 1996, a written publicity plan and media list for the Concert;

(2) provide on-site media services throughout the Concert including set-up of press room and interview area;

(3) provide Philip Morris with a list of supplies needed, including letterhead, press kit covers and catering supplies [on or before April ~~10~~<sup>th</sup> 1996]; [PLEASE CONFIRM] *CORRECT*

(4) develop and distribute written [and visual] press materials to local and regional media;

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- (5) communicate with Artists, celebrities, community talent and other third parties; obtain and process editorial and photographic materials suitable for local coverage in connection with the Concert;
- (6) coordinate on-going and intensive media contact to generate coverage in English and Spanish language media outlets, and explore local story opportunities for the Concert market;
- (7) coordinate interviews with Artists, band members and other participants and spokespersons approved by Philip Morris and perform follow-up;
- (8) maintain on-going communication and coordinate activities with ~~Concert promoter~~, local event personnel, talent and media; [PLEASE CONFIRM] - CORRECT
- (9) arrange for, and follow up on, media coverage for the Concert market;
- (10) provide daily updates, as necessary, and a written weekly status report to Philip Morris;
- (11) prepare and deliver to Philip Morris, within thirty days after the Concert, a written wrap-up report, including copies of Concert-related press articles, recommendations and other materials reasonably requested by Philip Morris;
- (12) obtain all releases, licenses, permits, approvals, consents and other documents required in connection with the Concert and for the performance of Promoter's duties under the Agreement and advise Philip Morris in advance of any additional charges or fees that will be incurred in obtaining such releases, licenses, permits, approvals, consents or other documents; [PLEASE CONFIRM] - CORRECT
- (13) be available to meet at reasonable times with Philip Morris' representatives at Philip Morris headquarters in New York, New York or other locations designated by Philip Morris; and
- (14) perform in a professional manner.

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4. Sponsorship Payment. For the services provided and rights granted under the Agreement, Philip Morris will pay Promoter an aggregate of \$100,000. Philip Morris will pay Promoter \$50,000 [within thirty days] [PLEASE CONFIRM] after complete execution of the Agreement and Promoter's submission of an invoice and the balance of \$50,000 upon Promoter's submission of an invoice on April 15, 1996.

5. Talent Budget: Expenses. Promoter will submit to Philip Morris for its advance approval, a talent budget for the Concert (the "Talent Budget") no later than twenty days prior to the date of the Concert. Philip Morris will pay budget advances to Promoter in accordance with the Talent Budget approved by Philip Morris. Total talent expenses for the Concert are not to exceed the total of estimated expenses included in the Talent Budget for the Concert without the prior, written approval of Philip Morris. The budget advances may be used only for approved expenditures in the categories set forth in the Talent Budgets. Promoter may not apply funds allocated to one budget category to expenses incurred in another category without the prior, written approval of Philip Morris. Total operating expenses in the Talent Budget may not exceed \$ \_\_\_\_\_ throughout the term of the Agreement without the prior, written approval of Philip Morris. Promoter will submit to Philip Morris itemized statements of expenses paid on a weekly basis and will submit receipts for expenses in excess of \$25. All expenses in excess of \$250 which are not included in a budget approved by Philip Morris must be approved in advance by Philip Morris. [PLEASE CONFIRM]

*NOT NEEDED THIS IS A SPONSORSHIP AGREEMENT.*

6. Term.

(a) The term of the Agreement will commence upon its execution and will continue until the later of the date of the Concert or Promoter's complete performance under the Agreement to the reasonable satisfaction of Philip Morris. Philip Morris has the right to renew the Agreement if the Concert is held in 1997, upon written notice delivered to Promoter on or before February 1, 1997. If Philip Morris elects to renew the Agreement, all terms and conditions of the Agreement will be incorporated in any renewal, except for appropriate date changes and payment terms. The parties will negotiate such terms in good faith and memorialize their agreement in a separate writing.

(b) If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgement, consent decree or other governmental action becomes effective which makes the promotion of tobacco products as contemplated by the Agreement unlawful, impracticable or, in the judgment of Philip Morris, materially reduces the value of this Agreement to Philip Morris, the Agreement may be terminated by Philip Morris as of the effective date of the law, regulation, ordinance, order, ruling, judgment, consent decree or action, and Promoter will refund to Philip Morris all amounts paid to Promoter by Philip Morris hereunder. Promoter may deduct from the refund all documented nonrecoverable

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costs properly incurred by Promoter and ~~will~~ immediately deliver documentation for all such costs deducted [PLEASE CONFIRM]. *Correct*

7. Ownership. All material prepared or developed by Promoter pursuant to the Agreement will become the property of Philip Morris and Promoter hereby agrees to assign to Philip Morris any and all rights to copyright the material. Upon the acceptance by Philip Morris of any copyrightable material prepared by Promoter, Promoter at the request of Philip Morris will assign all of its right, title and interest in the material to Philip Morris and execute an assignment in a form acceptable to Philip Morris. [PLEASE CONFIRM] — *Correct*

8. Confidentiality. Promoter, its employees and agents will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris to Promoter or created or acquired by Promoter in performing the Agreement. Promoter will not use or disclose the information or materials or any other confidential information to third parties without the prior, written consent of Philip Morris. Upon the termination or expiration of the Agreement, Promoter will return all materials to Philip Morris. Promoter will not disclose the existence or terms of the Agreement to third parties, except as is necessary for the performance of its obligations hereunder, without the prior, written consent of Philip Morris. Promoter's obligation to maintain confidentiality will survive the termination or expiration of the Agreement. [PLEASE CONFIRM] — *Correct*

9. Exclusivity. Promoter will not enter into sponsorship agreements with any other manufacturer of cigarettes or other tobacco products, nor permit signage, commercial identification or distribution of any other cigarettes or other tobacco products or tobacco product branded incentive items in connection with the Concert, without the prior written consent of Philip Morris.

10. Independent Contractor. Promoter is and will remain an independent contractor, and nothing in the Agreement will be construed to create a relation of principal and agent or employer and employee between Philip Morris and Promoter or any of its employees or agents within the meaning of any federal, state or local law. Except as specifically stated in the Agreement, Promoter will not enter into any agreement, oral or written, on behalf of Philip Morris or otherwise obligate Philip Morris without Philip Morris' prior, written approval. [PLEASE CONFIRM] — *Correct*

11. The MARLBORO Music and MARLBORO Names. Promoter recognizes and acknowledges that the **MARLBORO Music** and **MARLBORO** names and the names of other Philip Morris brands, the designs, emblems, slogans and insignia of the respective brands, and the goodwill associated therewith, have great value and are the sole property of Philip Morris. Promoter agrees that it has and will claim no right, title or interest in the

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same or the use thereof except the limited right to use pursuant to the Agreement. All use is subject to the advance approval of Philip Morris described in Section 1(g).

12. Insurance. Within thirty days after the execution of the Agreement, Promoter will deliver to Philip Morris certificates of insurance and, if requested by Philip Morris, copies of the underlying policies relating to the certificates, issued by insurers acceptable to Philip Morris and evidencing: (i) comprehensive general liability coverage, including advertiser's, contractual, participant's and spectator's liability, with a combined single limit of no less than \$5,000,000 per occurrence for bodily injury, including personal injury, and property damage; (ii) statutory workers' compensation coverage meeting all state and local requirements, including coverage for employers' liability, with limits of no less than \$500,000; and, (iii) comprehensive automobile liability coverage for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$1,000,000 per person, \$1,000,000 per accident; and property damage limits of no less than \$1,000,000 per accident.

The certificates of insurance required by subparagraphs (i) and (iii) must name Philip Morris, its affiliates, employees and assigns as additional insureds and must state that Philip Morris will be provided at least thirty days' prior, written notice of a cancellation or modification of the insurance. The insurance must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to the benefit of Promoter.  
[PLEASE CONFIRM] - *Correct*

13. Indemnity. Promoter agrees to indemnify and hold harmless Philip Morris, its affiliates, agents and subcontractors, and each of their respective officers, employees, directors and agents from any claim, liability, cost or expense, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Promoter. Promoter's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

14. Third Party Contacts. If at any time Promoter is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning Promoter's activities on behalf of Philip Morris, Promoter will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Vice President, Corporate Affairs.

15. Notices. Any notice given under the terms of the Agreement must be in writing and delivered by United States certified mail, return receipt requested, postage prepaid, and if to Promoter, at the address set forth above, Attention: Mr. Henry Cárdenas,

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and if to Philip Morris, to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: Vice President, Marketing Services.

16. Miscellaneous.

(a) The Agreement and all matters collateral hereto, will be governed by the laws of the State of New York applicable to contracts made and performed entirely within New York State.

(b) Force Majeure, acts of God, or other causes beyond the reasonable control of any party delaying or causing the cancellation or delay of the Concert will not subject Promoter or Philip Morris to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

(c) The Agreement may not be modified or amended except by a writing signed by both parties. No waiver of a breach of any term or condition of the Agreement will be deemed a waiver of any subsequent breach of the term or condition or any other term or condition or a general waiver.

(d) The Agreement may not be assigned by either party without the written consent of the other party. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities or obligations under the Agreement. The Agreement sets forth the entire agreement between the parties and supersedes all previous oral or written agreements between the parties on the subject matter of the Agreement.

(e) Each party hereto will comply with all applicable laws, regulations and ordinances affecting its activities hereunder including, but not limited to, the provisions of Title 15 U.S.C. §§ 1331 et seq.

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If the foregoing accurately sets forth our understanding, please signify your acceptance and agreement by executing the enclosed copies of this letter and returning them to the undersigned. We will forward one fully executed copy to you.

Very truly yours,

**PHILIP MORRIS INCORPORATED**

By: \_\_\_\_\_

Title: \_\_\_\_\_

ACCEPTED AND AGREED:

**HENRY CÁRDENAS AND ASSOCIATES, INC.**

By: \_\_\_\_\_  
Henry Cárdenas

Taxpayer ID No. \_\_\_\_\_

Filing Status \_\_\_\_\_

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**EXHIBIT A**

**ARTISTS [PLEASE CONFIRM]**

- LOS TEMPERARIOS
- LA MAFIA
- RAMON AYALA JR.
- LOS TIRANOS DEL NORTE
- BANDA ARKANGEL [RIS]

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## EXHIBIT B

### PRODUCTION REQUIREMENTS

Following are minimum production requirements for staging the 1996 **MARLBORO Music Canonazo Primavera** Concert:

- Stage: Sound wings capable of supporting two 24' x 24' **MARLBORO** scrims (drapes).
- Power: The following is the minimum power requirement for lighting and sound. The source can be either share power or generator. In the event of generator supplied power, an additional 300 KUA back-up generator is required.  
  
Lighting: One 400 AMP 30 service  
Sound: One 200 AMP 30 service plus power distribution for on-stage equipment
- Lights: 120 K lighting system for the stage, with additional instruments to light **MARLBORO** scrims and flags. See Exhibit C for appropriate lamps and acceptable substitutes.
- Sound: Adequate for location with ability to fulfill completely band contract requirements.
- Labor: Experienced stage hands as are necessary for Concert, including set-up/tear-down of **MARLBORO** scrims.
- Catering: As per artist contract.
- Dressing Rooms: As per artist contract.
- Hospitality Tent: 30' x 40' with lights  
Three 20 AMP services with lights
- On-site Production: Office with two phone lines.
- On Fly Dates: Backline as per artist contract.
- Two Runners: One with a fifteen Passenger vehicle.  
One with a vehicle.

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- Ground Transport: As per artist contract.
- Other requirements:
  - A. Ability to strike all other corporate logos and signage at venue.
  - B. **MARLBORO** credentials will be used exclusively on the day of the show.

**NOTE:** These are typical requirements. Exact requirements are dependent on the venue and will be decided by the **MARLBORO** Advance team.

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## EXHIBIT C

### SIGNAGE LIGHTING REQUIREMENTS

Following is a list of additional required lighting for the **MARLBORO** signage. All lamps must be fully dimmable and controlled from either the front of house console or another position with the approval of **MARLBORO Music's** Production Manager.

#### MARLBORO SCRIMS

Two 24' x 24' scrims hang in front of the speaker stacks on either side of the stage. These should be lit with two 9 light Mole Richardson Mole Fays, with DWE lamps, per scrim.

##### *Acceptable Substitutes:*

Eight Light Thomas Moles (NO ACL's): Two per scrim

Four Cell 1K Far cys: Two per scrim

#### MARLBORO FLAGS

Six 2' x 12' Red Flags hang on various parts of the stage and sound wings. These should be lit with one Par 64 1K MFL each.

##### *Acceptable Substitutes:*

8" 1k Fresnel with Barndoors: One per flag

Par 46 MFL lanterns: Two per flag

#### MARLBORO HEADER

A 40' header hangs across the down stage edge of the roof. It should be lit, from the floor, with two Bars of 4 Par 64 ACL's.

##### *Acceptable Substitutes:*

Two Bars of 6 Par 64 UNSP

Three Bars of 4 Par 36 ACL's

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